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THE THIRD UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

FIRST MEETING OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE

New York, 24-28 July 2000

PROGRESS REPORT ON THE INTEGRATED FRAMEWORK FOR TRADE-RELATED TECHNICAL ASSISTANCE FOR LEAST-DEVELOPED COUNTRIES

REPORT BY THE SECRETARY-GENERAL OF THE CONFERENCE

In paragraph 8 of Resolution 54/235 on the Implementation of the Programme of Action for the Least Developed Countries in the 1990s, the General Assembly requested the Secretary-General of the Third United Nations Conference on the Least Developed Countries to ensure that information on progress in the implementation of the Integrated Framework is included in the reports to be submitted to the Preparatory Committee and to the Conference itself. This report is being submitted in response to that request. The report has been prepared by the Inter-Agency Working Group(IAWG) consisting of the six core agencies entrusted with the implementation of the Integrated Framework.

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PROGRESS REPORT ON THE INTEGRATED FRAMEWORK FOR TRADE-RELATED TECHNICAL ASSISTANCE TO LEAST-DEVELOPED COUNTRIES

Prepared by the Inter-Agency Working Group

I. INTRODUCTION

1. Pursuant to the mandate contained in the WTO Singapore Ministerial Declaration,[1] the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development was held at the WTO on 27-28 October 1997. The High-Level Meeting organized jointly by six agencies, aimed to boost efforts to further the integration of Least Developed Countries (LDCs) in the global economy, and included specific measures to improve market access, to support human and institutional capacity building, and to improve the participation of LDCs in the multilateral trading system.[2]

2. The High-Level Meeting endorsed the Integrated Framework for Trade-Related Technical Assistance, Including for Human and Institutional Capacity-Building, to support Least Developed Countries in their Trade and Trade-Related Activities (Integrated Framework or IF).[3] The six agencies involved in the IF are IMF, ITC, UNCTAD, UNDP, World Bank and the WTO. Steps have been taken to endorse the IF with their respective Governing Bodies.[4]

II. AIMS AND OBJECTIVES

3. The Integrated Framework, as endorsed by the HLM, "seeks to increase the benefits that least-developed countries derive from the trade-related technical assistance available to them from the six Agencies involved in designing this Framework, as well as from other multilateral, regional and bilateral sources, with a view to assisting them to enhance their trade opportunities, to respond to market demands and to integrate into the multilateral trading system".[5]

4. As defined by the Integrated Framework document, the Framework aims to:

(i) Ensure that trade-related technical assistance activities are demand-driven by the least developed countries and meet their individual needs effectively. Account can thereby be taken of differences in levels of development and economic structure, and physical characteristics such as location (e.g. land-locked, island) and other factors which influence the supply response to market signals and policy initiatives. The individual country level will normally be the locus of activities conducted under the Integrated

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[1] WTO Members adopted the Comprehensive and Integrated WTO Plan of Action for LDCs (WT/MIN(96)/14).

[2] The Report of the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development is contained in document WT/LDC/HL/23. Notes on the proceedings of the High-Level Meeting are contained in documents WT/LDC/HL/M/1 and Add.1. On the follow-up to the High-Level Meeting, the progress report by the Director-General at the WTO Ministerial Session in 1999 is contained in WT/MIN(99)/7.

[3] Contained in document WT/LDC/HL/1/Rev.1.

[4] The Executive Board of UNDP/UNFPA endorsed the IF at its session held from 19-26 January 1998. The Trade and Development Board of UNCTAD endorsed the IF at its session on 16 February 1998. ITC's participation in the programme is ensured ipso facto since it is a joint subsidiary organ of WTO and the UN, the latter acting through UNCTAD. Staff of the IMF informed their Executive Board of the results of the High-Level Meeting and of their intention to participate in the application of the IF. The World Bank Executive Board endorsed the framework on 12 May 1998.

[5] WT/LDC/HL/1/Rev.1.

Framework, although if considered appropriate the locus can be established at the regional or sub-regional level;

(ii) Enhance ownership by each least developed country over the trade-related technical assistance activities being provided. This is a key feature of the Framework. Responsibility for the coordination of implementation and monitoring of activities under the Integrated Framework at the country level will lie primarily with the least developed country concerned;

(iii) Enable each agency involved to increase its efficiency and effectiveness in the delivery of trade-related technical assistance activities. The Framework will permit each agency to design and tailor its individual efforts to meet the needs of least developed countries in the light of full information about the specific needs of each country and about current and projected activities being undertaken by other agencies in the area of trade-related technical assistance. It will allow the trade-related technical assistance activities of all the agencies to be properly coordinated, sequenced and synchronized;

(iv) Keep under review trade-related technical assistance activities in individual least developed countries, evaluate periodically their success in meeting the country's needs, review how those needs change, and adapt the programme of activities accordingly;

(v) Provide comprehensive information about the specific needs of each least developed country and about the trade-related technical assistance activities of the six agencies involved to other relevant multilateral and regional intergovernmental organizations, to bilateral development partners and to the private sector.

III. THE IMPLEMENTATION OF THE INTEGRATED FRAMEWORK

5. Although the IF has been structured on the basis of eight steps,[6] in practice five main steps are involved. These are:

(a) Country needs assessments prepared by individual LDCs;

(b) Integrated responses by the six core Agencies: IMF, ITC, UNCTAD, UNDP, World Bank and WTO;

(c) Preparation of a multi-year country programme and the holding of a Round Table meeting;

(d) Implementation and monitoring of trade-related technical assistance activities; and

(e) Regular evaluation by the staff of the six core Agencies and officials of the least developed countries.

6. Of the forty-eight LDCs, forty have completed their needs assessments and thirty-seven have designated national focal points to coordinate implementation of the IF. The needs assessments typically cover areas ranging from compliance with WTO rules and obligations and trade policy to supply side constraints, such as lack of human and institutional capacity, needs of the private sector,

[6] These eight steps are: (i) Needs assessment by individual LDCs; (ii) Integrated responses by the six core Agencies; (iii) Country Specific Round Table-Meetings; (iv) Coordination amongst the six Agencies involved; (v) Financing; (vi) Implementation and Monitoring; (vii) Review and Evaluation of Country Programmes; and (viii) Maintenance and publication of a core inventory (WT/LDC/HL/1/Rev.1, paragraph 5).

market information, product development, and trade-related infrastructure. The six agencies have formulated Integrated Responses (IR) to all needs assessments prepared.[7] The formulation of the IRs is intended to ensure that, **in the delivery of trade-related technical assistance, each agency focuses on what it does best within the context of its expertise and respective mandate so that** overlap and duplication are avoided. Where feasible, joint delivery of assistance has been undertaken. About 15 per cent of the 2000 activities in the IRs relate to joint activities by two or more of the six agencies.

7. Since the operation of the IF in 1997, activities carried out either individually or jointly by the six agencies, under the IR, typically include specialized assistance to review and update customs legislation and rationalize import tariffs by IMF; focus on trade information support and assistance to enterprises in product and market development by ITC; policy dialogue with LDCs and national or regional programmes and activities by UNDP; analytical and technical studies and policy dialogue and assistance in trade and development issues, including support in multilateral trade negotiations and WTO accession by UNCTAD; credit and advisory services, trade-related infrastructure and institutional building projects by the World Bank; and human and institutional capacity-building assistance by WTO including national/regional seminars and workshops, special three-week trade policy courses for LDCs and technical missions to assist in the implementation of WTO agreements. Joint activities under the IR include work on modernization-computerization of customs systems by IMF, UNCTAD and UNDP; World Bank-WTO Joint Regional Seminars on the multilateral trading system and how to use trade as a tool for development; the design and implementation of projects by ITC, UNCTAD and WTO under the Joint Integrated Technical Assistance Programme (JITAP) in four African LDCs. The six agencies have, on an annual basis, been monitoring the status of implementation of their respective responses, over 60 per cent of which have been reported to have been completed or to be in advanced stages of completion.[8] .To date five Round Tables have been held in Bangladesh, Gambia, Haiti, United Republic of Tanzania and Uganda. Results/reports of the proceedings of the meetings held and the summary of the state of play of preparations for Round Tables in the other LDCs, where preparations of Round Tables scheduled for 2000-2001 are ongoing, can be found on the Internet: http://www.ldcs.org. The disappointing results of the Round Tables, arising from failure to raise additional resources to finance the priorities identified at the Round Tables, were one of the key issues considered in the IF review for the improvement of the functioning of the IF.

IV. THE REVIEW OF THE INTEGRATED FRAMEWORK

8. The review of the Integrated Framework, as mandated by the Framework document[9], was undertaken by the six agencies, in consultation with LDCs and their development partners, in the first half of 2000. At the same time, an independent review team of consultants was appointed and supervised by the World Bank to make its own assessment on the basis of terms of reference prepared by the Inter-Agency Working Group with a view to providing input to the review by the six agencies. The objective of the exercise was to review the operation of the IF in the light of experience so that development partners and LDCs, as well as agencies, could urgently respond to a number of issues critical to the improvement of the IF as a vehicle for delivering trade-related technical assistance.[10]

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[7] Participation in the IF has not commenced in Afghanistan, Eritrea, Kiribati, Liberia, Sierra Leone, Somalia, Tuvalu and Yemen where the country needs assessments have not been prepared.

[8] A further 20 per cent of the agencies' entries in the IR were provisional responses subject to availability of resources, determination of or changes in LDC priorities, etc. The status of implementation is reported on the IF website: http://www.ldcs.org .

[9] Pursuant to paragraph 6 of the Framework document (WT/LDC/HL/Rev.1).

[10] Problems and challenges facing the IF are well documented. See for example, WT/MIN(99)/7, WT/COMTD/LDC/W/18, WT/LDC/SWG/1.

9. A report by the review team[11] was submitted to the Inter-Agency Working Group (IAWG), consisting of the representatives of the six agencies at its meeting in New York on 21-22 June 2000. The IAWG considered the issues and conclusions contained in the report and prepared a set of recommendations for consideration by the heads of agencies with a view to improving the IF. The heads and representatives of the IF six agencies met on 6 July 2000 in New York to consider the recommendations and issued a joint statement, which is attached herewith as an Annex.

[11] WT/LDC/SWG/IF/1.

ANNEX

JOINT STATEMENT ON THE MANDATED REVIEW OF THE INTEGRATED FRAMEWORK FOR TRADE-RELATED TECHNICAL ASSISTANCE TO LEAST-DEVELOPED COUNTRIES (IF) BY THE SIX CORE AGENCIES (IMF, ITC, UNCTAD, UNDP, World Bank and WTO)

Mr. J. Denis Bélisle, Executive Director of ITC, Mr. Rubens Ricupero, Secretary-General of UNCTAD, Mr. Mark Malloch-Brown, Administrator of the UNDP, Mr. Mike Moore, Director-General of WTO, , Mr. Reinhard Munzberg, Director and Special Representative to the United Nations of the IMF, and Mr. Kemal Dervis, Vice-President for Poverty Reduction and Economic Management, World Bank, Heads and representatives of the six core Agencies for the Integrated Framework, met at the UNDP Offices in New York on 6 July 2000.

We, the representatives of the six core agencies of the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries (IF), reaffirm our commitment to work together, on the basis of our respective mandates and competence, to assist the Least-Developed Countries (LDCs) to integrate into the global economy in a manner supportive of their overall development objectives, and in particular their strategies for poverty reduction.

Trade liberalization and reform are key elements of economic policy contributing to higher rates of growth and poverty reduction. The multilateral trading system plays a vital role in maintaining sound, stable, rules-based trade relations among nations. We are committed to assisting LDCs to take fuller advantage of this system, including their support for accession to the WTO. We recognize the necessity of continuous meaningful improvements in market access for LDCs, as a vital complement to their own efforts to liberalize their economies. Furthermore, we are convinced of the importance of trade-related assistance and capacity-building efforts if LDCs are to integrate effectively into the global economy and reverse the trend in some LDCs towards increasing marginalization.

We have examined the results of the mandated review of the Integrated Framework of Trade-Related Technical Assistance (IF). The issues raised in the review and its conclusions and recommendations make clear the need for strengthening the IF and improving its functioning.

We are determined to make the IF an effective mechanism for assisting in the delivery of trade-related technical assistance and capacity-building. We are convinced that this effort will only prove successful if it constitutes an integral part of the overall development and poverty reduction strategies of the Least Developed Countries. We are further convinced that in order to mainstream trade and trade-related activities effectively into national development and poverty reduction strategies, adequate resources must be made available at the policy and programme formulation stage of the process, as well as for the implementation.

In view of these objectives, and having regard to consultations among stakeholders, the IMF, ITC, UNCTAD, UNDP, WORLD BANK and WTO:

Take note of the Report of the independent IF Review Team, which they regard as a useful input into the decisions taken hereunder:

Agree to make every effort to support the integration of trade, trade-related technical assistance, and capacity-building into the national development strategies and plans of LDCs. This would be ensured principally through such instruments as Poverty Reduction Strategy

Papers (PRSPs) and would influence other development frameworks such as the United Nations Development Assistance Framework (UNDAF). In doing so, these efforts will ensure dynamic interaction and dialogue among LDCs, donors and agencies, fully respecting country ownership.

Agree that this mainstreaming effort will be led and coordinated by the World Bank, according to the principles of the Comprehensive Development Framework, with participation and inputs from the other core agencies and other stakeholders. Building on initial Needs Assessments and subsequent work, this will involve formulating country-specific integration strategies as part of the mainstreaming process. These activities will feed into the World Bank Consultative Groups (CGs) and UNDP Round Table Meetings (RTs) where countries will present their medium-term policy frameworks and financing needs, including for trade-related assistance, for support by the donor community.

Existing programmes under the auspices of the IF will continue to be pursued and reported to the IAWG, with every effort to mainstream these activities within the broader ambit of national development strategies, as outlined above.

Agree to invite representatives from LDCs and donor countries to serve, along with Heads of the core agencies, in a Steering Committee to help ensure proper oversight, policy guidance, adequate funding, and ownership of the Integrated Framework for Trade-Related Technical Assistance.

In consultation with LDCs and donors, the core agencies will agree upon the structure and operating procedures of the Steering Committee by 31 October 2000 at the latest.

Agree that the Inter-Agency Working Group (IAWG) will ensure transparency and adequate coordination of the activities of the core agencies under the IF, primarily through the continuing flow of information on activities under the IF, and, *inter alia*, will make periodic reports to the Steering Committee.

Agree that the WTO Secretariat will continue to chair the IAWG. The Administrative Unit for the IF, currently located at the ITC, will be folded into the WTO Secretariat. On a voluntary basis, staff from other core agencies will be seconded to the WTO Secretariat.

The core agencies will draw up precise terms of reference for the IAWG by 31 October 2000 at the latest.

Agree to seek donor support for and voluntary contributions to an Integrated Framework Trust Fund (IFTF) for the purpose of mainstreaming trade and trade-related assistance into development architecture. The IFTF would finance: i) the formulation by countries of trade integration strategies as part of their PRSPs; ii) project preparation and design of trade-capacity-building projects in areas that are identified as priorities in the PRSP; iii) regional projects that do not fall within the scope of the CG/RT process; and, iv) limited and urgent capacity-building activities for LDCs for which no PRSP will be prepared or where CGs/UNDP Round Tables are not taking place (including in an appropriate time-frame). The funding objective for the period 2001-2003 is set at US$ 20 million.

Agree that the IFTF will be administered by UNDP on behalf of the core agencies of the Integrated Framework on the basis of terms to be agreed among agencies and donors.

Agree to give active support for and contribute towards achieving the objectives of the Third United Nations Conference for the Least-Developed Countries (LDC-III) to be held in Brussels, May 2001, using the preparatory process for the Conference.

Agree that while there is merit in the idea of enlarging the IF to apply to other developing countries, this should not be undertaken at the present time, but rather re-considered in two years when improvements to the IF have been tried and seen to be working.